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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

7 Attorneys for Plaintiff, John Flaxel

BY:

CP

DEPUTY

8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 JOHN FLAXEL, an individual;

11 Plaintiff,

12 v.

13 RICHARD SIMPSON, an individual and as
14 officer and director of corporate entities;
15 DENNIS PEARSON, an individual and as officer
16 and director of corporate entities; M & A
17 CAPITAL ADVISORS, LLC., a California
18 Limited Liability Company; M & A CAPITAL
19 ADVISORS, LLC., a Nevada Limited Liability
20 Company; PAC-WEST ACQUISITIONS, INC.,
21 a California Corporation; INTRA-NETWORK
22 SECURITIES, INC., a California Corporation;
23 and XO FINANCIAL GROUP, a California and
24 Nevada Corporation;

25 Defendants.

08 CV 0200 L NLS

COMPLAINT FOR FRAUD

1. Violation of Rule 10b-5;
2. Breach of Contract;
3. Breach of Fiduciary Duty;
4. Fraud;
5. Negligent Misrepresentation;
6. Alter Ego;
7. Conversion;
8. Violation of Oregon Rev. Statute § 59.135; and
9. Injunctive Relief
10. Negligence

DEMAND FOR TRIAL BY JURY

26 Plaintiff JOHN FLAXEL ("Flaxel"), also referred to as "Plaintiff", alleges as follows:

27 NATURE OF THE ACTION

28 1. This is an action for securities fraud and related State law claims arising out of the conduct of defendants Richard Simpson, Dennis Pearson, M & A Capital Advisor, LLC, a California Limited Liability Company, M & A Advisors, LLC, a Nevada Limited Liability Company, PAC-West Acquisitions, Inc., a California Corporation, Intra-Network Securities, Inc., a California Corporation, and XO Financial Group, a California and Nevada Corporation. The action against the above-mentioned defendants arises out of a securities fraud orchestrated by Richard Simpson and Dennis

1 Pearson in which Flaxel invested in excess of One Million One Hundred Five Thousand Dollars
2 (\$1,105,000.00) in investments in and loans to companies recommended by Defendants and to
3 companies owned and controlled by Defendants. Flaxel communicated with Defendants via
4 telephone; Flaxel paid for each investment via wire transfer or a check mailed to Defendants.

5 2. The investment scheme involved promoting and convincing Flaxel to loan money to
6 companies with the representation that the promissory notes were secured. When the notes were not
7 paid Defendants made representations to and convinced Flaxel to exchange to promissory notes for
8 stock in what turned out to be poorly capitalized and highly risky companies. Some transactions
9 involved Flaxel loaning money to companies owned and controlled by Simpson and Pearson or
10 marketed and represented by Defendants.

11 3. Defendants profited on placing Flaxel in the promissory notes and then converting the
12 promissory notes to stock. Defendants also directly received money from Flaxel in the form of loans
13 documented by promissory notes issued to companies owned and controlled by Defendants.
14 Defendants also failed to properly and professionally manage Flaxel's IRA Account whereby his stock
15 transactions were not properly documented and stock certificates were not issued reflecting Flaxel's
16 actual investments.

17 4. Defendants' conduct has caused and continues to cause Plaintiffs' grave and
18 irreparable harm.

19 JURISDICTION AND VENUE

20 5. This Court has original jurisdiction over this action pursuant to the Securities Exchange
21 Act of 1934 ("Exchange Act") 15 U.S.C. § 78.J(b) and SEC Rule 10b-5 at 17 CFR 240.10b-5.

22 6. This Court has supplemental jurisdiction over the related counts 2, 3, 4, 5, 6, 7, 8 and
23 9 because these claims are so related to the above Federal claims that they form a part of the same case
24 or controversy and under 28 U.S.C. 1367(a). There is also supplemental jurisdiction under 28 U.S.C.
25 1332.

26 7. This Court has supplemental jurisdiction over the related counts four and five in that
27 these claims are so related to the above Federal claims that they form a part of the same case or
28 controversy.

1 8. This Court has personal jurisdiction over Defendants in that Defendants reside in
2 and/or are doing business in the State of California and in this District. In addition, many of the acts
3 of fraud and misrepresentation complained of herein occurred in the State of California and in this
4 District.

5 9. Venue is proper in this District pursuant to 28 U.S.C. § 1391 (a)(2) and (b)(2).

6 **AVERMENTS COMMON TO ALL COUNTS**

7 **THE PARTIES**

8 10. Plaintiff Flaxel is, and at all times relevant was, a citizen of Oregon residing in the City
9 of North Bend.

10 11. Plaintiff is informed and believes, and on that basis alleges, that defendant Richard
11 Simpson ("Simpson") is, and at all times relevant was, a citizen of California, residing in the City of
12 San Diego, County of San Diego. Flaxel is also informed and believes and thereon alleges that
13 Simpson is also the a managing member of M&A Capital Advisors, LLC, a Nevada limited liability
14 company and M&A Advisors, LLC, a California limited liability company and an officer, director and
15 shareholder of PAC-West Acquisitions, Inc., a California Corporation.

16 12. Plaintiff is informed and believes, and on that basis alleges, that defendant Dennis
17 Pearson ("Pearson") is, and at all times relevant was, a citizen of California, residing in the City of San
18 Diego, County of San Diego. Flaxel is also informed and believes and thereon alleges that Simpson
19 is also the a managing member of M&A Capital Advisors, LLC, a Nevada limited liability company
20 and M&A Advisors, LLC, a California limited liability company and an officer, director and
21 shareholder of PAC-West Acquisitions, Inc., a California Corporation.

22 13. Plaintiff is informed and believes, and on that basis alleges, that defendant M & A
23 Advisors, LLC is both a Nevada limited liability company and a California limited liability company
24 with it principal place of business in the County of San Diego, State of California.

25 14. Plaintiff is informed and believes, and on that basis alleges, that defendant PAC-West
26 Acquisitions, Inc. a California corporation with it principal place of business in the County of San
27 Diego, State of California.

28 15. Plaintiff is informed and believe, and on that basis allege, that defendant Intra-Network

1 Securities, Inc. (Intra-Network") is a business entity of unknown type and origin and that defendants
2 Simpson and Pearson used this unknown business entity and/or fictitious business name to conduct
3 business. Plaintiff is further informed and believes and thereon alleges that after the NASD took
4 action against Pearson and Simpson, formed XO Financial Group. Plaintiff is further informed and
5 believes and thereon alleges that XO Financial Group is both a Nevada and California corporation
6 with its principal place of business in Rancho Santa Fe, County of San Diego, State of California.

7 **GENERAL ALLEGATIONS**

8 16. This matter involves a pattern and scheme to sell unregistered securities in the form
9 of short-term promissory notes which were referred to as "bridge notes." In many situations when the
10 promissory notes came due the promissory notes were converted into stock which was either worthless
11 or worth far less than the amount originally "loaned." In order to get Flaxel to invest in the promissory
12 notes Defendants distributed fraudulent information to Flaxel via the United States mail, interstate
13 commerce and telephone across state lines.

14 17. Defendants falsely represented that the investments were safe. Defendants were broker
15 dealers who received handsome commissions for placing FLAXEL in these highly speculative
16 investments. Later, Defendants fraudulently convinced Flaxel to invest in short term promissory notes
17 to companies owned and controlled by Defendants. Flaxel invested a total of \$1,105,000.00 in the
18 promissory note and related securities fraud scams.

19 **Northatlantic Aviation, Inc.**

20 18. Defendants Simpson and Pearson, at the time licensed broker dealers, contacted Flaxel
21 to invest in Northatlantic Aviation, Inc. ("Northatlantic") Pearson, acting on behalf of and as the
22 agent of Defendants, made representations to Flaxel overstating Northatlantic's potential to
23 convince Flaxel to make a bridge loan to Northatlantic whereby Defendants would receive a
24 substantial commission. Specifically, Pearson represented to Flaxel that Flaxel would receive an
25 excellent return on his investment because there was low competition and high returns for this
26 company. Pearson said it was urgent that Flaxel invest immediately. Pearson further represented
27 that Defendants had investigated the company. Based upon these representations Flaxel "loaned"
28 Northatlantic \$55,000.00. When the loan came due Flaxel received a conversion of the Note to

1 shares in Northatlantic. Pearson advised Flaxel to convert the Note to shares because Northatlantic
2 was getting ready to go public. However, the shares issued to Flaxel were of minimal value
3 because the company itself had minimal value, contrary to the representations of Defendants.
4 Northatlantic was represented to be a Minnesota corporation. Flaxel is informed and believes and
5 thereon alleges that Northatlantic is a defunct corporation.

6 **RPM Technologies, Inc.**

7 19. Defendants Simpson and Pearson solicited Flaxel to invest in RPM Technologies, Inc.
8 ("RPM") Pearson, acting on behalf of and as the agent of Defendants, made false statements to
9 Flaxel to induce him to make a bridge loan to RPM Pearson represented to Flaxel that it was an
10 excellent company and that Defendants wanted to purchase enough stock to take over the
11 company. Flaxel was further told there would be no dilution of his investment.

12 20. In reliance on Defendants' representations Flaxel issued a note to RPM technologies for
13 \$250,000.00 at 10% interest. The note was converted to stock at the price of \$.50 per share for the
14 \$250,000.00 for 500,000 shares. At the time of conversion \$25,000.00 was owed for interest but there
15 no shares were issued for the interest. The conversion of the loan to stock resulted in an immediate
16 loss of 80% of Flaxel's money and there is an issue regarding the number of shares that were issued.

17 21. RPM is an actual company and is still in business. It is listed in the Over The Counter
18 Market, and its symbol is RPMM. As of June 8, 2007 RPMM had a bid price of \$.08 and an ask price
19 of \$.13 with a one year high of \$.20 and a one year low of \$.06. Market capitalization is \$4.4 Million
20 with 44.05 Million shares issued. Flaxel owns 100,000 shares of RPM Technologies, Inc. At the
21 current bid price the stock is worth \$10,000.00. At the ask price it is worth \$16,000.00.

22 **Pen Write Systems, Inc.**

23 22. Defendants Simpson and Pearson solicited Flaxel to invest in Pen Write Systems, Inc.
24 ("Pen Write") Defendants made false statements to Flaxel to induce him to make a bridge loan to
25 Pen Write. Pearson, acting on behalf of and as the agent of Defendants, represented to Flaxel that
26 they had investigated Pen Write and that it was a well managed company that was expanding
27 rapidly. Based upon these representations Flaxel loaned \$200,000 to Pen Write. The loans were
28 \$100,000.00 plus interest, \$50,000.00 plus interest and \$50,000.00 plus interest. The loans were

1 converted to shares. Flaxel was issued 426,409 shares of Pen Write stock. There is no market for
2 the shares and they are worthless.

3 23. The stock certificates are signed by Richard D. Pierini and Shirlee Pierini as secretary.
4 Pen Write is listed as a Minnesota Corporation. Flaxel is informed and believes and thereon alleges
5 that Pen Write is actually a California corporation.

6 **Dentalview, Inc.**

7 24. Defendants solicited Flaxel to invest in Dentalview, Inc. ("Dentalview") Pearson,
8 acting on behalf of and as the agent of Defendants, made false statements to Flaxel. Specifically,
9 Pearson represented to Flaxel that Dentalview was a good company based upon Defendants'
10 investigation. In reliance on Defendants' statements Flaxel converted warrants and purchased
11 4,244 shares of Dentalview common stock for \$20,000.00. There is no market for the shares and
12 they are worthless.

13 **M&A Capital Advisors, LLC**

14 25. M&A Capital Advisors, LLC ("M&A") is a Nevada Limited Liability Company and a
15 California Limited Liability Company. Flaxel is informed and believes and thereon alleges that Pearson
16 and Simpson are managing members of the Nevada LLC and the California LLC. The Nevada LLC
17 was formed on August 14, 2001 and was in default as of September 1, 2006. The California LLC was
18 filed on July 13, 2006 and is active.

19 26. Defendants solicited Flaxel to invest in M&A and made false statements to Flaxel to
20 induce him to make a loan to M&A. Specifically, Pearson, acting on behalf of and as the agent of
21 Defendants, represented to Flaxel that Defendants wanted the flexibility to invest in attractive ventures
22 and needed funds to do this. Flaxel's investment would be used to fund short-term loans secured by
23 stock, and in return Flaxel would receive interest payments and stock options and warrants. Because
24 the loans were short-term and secured by stock Defendants represented that the investments would
25 be very safe. Based upon these representations Flaxel loaned \$1000,000 to M&A.

26 27. Flaxel made a loan of \$100,000.00 to M&A Capital, LLC on March 15, 2002. Simpson
27 and Pearson are signatories to the Promissory Note. A true and correct copy of the Promissory Note
28 is hereto as Exhibit "1" and incorporated herein by reference. The Promissory Note is personally

1 guaranteed by Simpson and Pearson. The Promissory Note was to be paid 3 months from March 15,
2 2002 and includes 10% interest.

3 28. Defendants did not make payment on the Promissory Note when due. Simpson and
4 Pearson made numerous oral and written representations from 2004 up through and including 2007
5 to Flaxel that payment would be forthcoming.. Flaxel relied on the statements of Defendants that he
6 would be paid. True and correct copies of correspondence, e-mail and payment plans sent by
7 Defendants to Flaxel are attached hereto as Exhibit "2" and incorporated herein by reference. Flaxel
8 and Defendants agreed in writing, signed by Defendants, that Defendants owed Flaxel the money he
9 invested in M&A and that the money would be paid to Flaxel with interest. To date, Defendants have
10 not made payments under the Amortization Schedule.

11 **PAC-West Acquisitions, Inc.**

12 29. PAC-West Acquisitions, Inc., ("PAC-West") is a California Corporation formed on June
13 31, 1998. It is currently suspended. Flaxel is informed and believes and thereon alleges that Simpson
14 and Pearson are officers, directors and shareholder of PAC-West.

15 30. Defendants solicited Flaxel to invest in PAC-West. Defendants made false statements.
16 to Flaxel to induce him to make a loans to PAC-West. Specifically, Pearson, acting on behalf of and
17 as the agent of Defendants, represented to Flaxel that Defendants wanted the flexibility to invest in
18 attractive ventures and needed funds to do this. Flaxel's investment would be used to fund short-term
19 loans secured by stock, and in return Flaxel would receive interest payments and stock options and
20 warrants. Because the loans were short-term and secured by stock Defendants represented that the
21 investments would be very safe.

22 31. Based upon these representations Flaxel made two loans to PAC-West. The first loan for
23 \$50,000.00 was made on July 2, 1998 and memorialized in a Promissory Note. Payment was to be
24 made 1 year after July 2, 1998 and include 10% interest. There is an attorneys' fee provision. A true
25 and correct copy of the Promissory Note is attached hereto as Exhibit "3" and incorporated the
26 Promissory Note and Amortization Schedule are attached as Exhibit "3."

27 32. The second loan for \$50,000.00 was made on March 31, 1999 and is memorialized by a
28 Promissory Note. A true and correct copy of the Promissory Note is attached hereto as Exhibit "4"

1 and incorporated herein by reference. Payment was to be made 6 months after March 31, 1999 and
2 include 10% interest.

3 33. Defendants did not make payment on the Promissory Notes when due. Simpson and
4 Pearson made numerous oral and written representations from 2004 up through and including 2007
5 to Flaxel that payment would be forthcoming.. Flaxel relied on the statements of Defendants that he
6 would be paid. True and correct copies of correspondence, e-mail and agreed upon payment plans sent
7 by Defendants to Flaxel are attached hereto as Exhibit "2" and incorporated herein by reference.
8 Flaxel and Defendants agreed in writing, signed by Defendants, that Defendants owed Flaxel the
9 money he invested in PAC-West and that the money would be paid to Flaxel with interest. To date,
10 Defendants have not made payments under the Amortization Schedules and payment plans.

11 **Her Personal Feminine Care Products, Inc.**

12 34. Defendants solicited Flaxel to invest in Her Personal Feminine Care Products, Inc.
13 ("HPFCPI") Defendants made false statements to Flaxel to induce him to make a bridge loan to
14 HPFCPI. Pearson, acting on behalf of and as the agent of Defendants, represented to Flaxel that
15 Flaxel would only be making a short term loan and that the investment was secure as HPFCPI would
16 be merging with another company. Pearson represented that he had investigated the company and that
17 it was a sound company. Based upon these representations Flaxel made a 90 day bridge loan to
18 HPFCPI for the amount of \$100,000.00 and 10% interest. In addition he received 200,000 stock
19 warrants at .01 per warrant. Flaxel was to receive the right to principal and interest directly out of the
20 proceeds from a Reg D Private Placement Offering for HPFCPI. The promised merger did not take
21 place and the stock is worthless.

22 **ParValu, Inc.**

23 35. Defendants solicited Flaxel to invest in Par-Valu, Inc. ("Par-Valu") Defendants made false
24 statements to Flaxel to induce him to make a bridge loan to Par-Valu. Pearson, acting on behalf of
25 and as the agent of Defendants, represented to Flaxel that Par-Valu was a well managed start-up that
26 developed and sold golf clubs. The bridge loan would be secure because it was short-term loan and
27 the company would have the funds to pay back the loan because it was a well managed company.
28 Flaxel is also informed and believes and thereon alleges that defendants, Simpson and Pearson were

involved in the management of Par Valu.

36. Based upon these representation Flaxel loaned \$50,000.00 ParValu. Payment was to be made in one lump sum 12 months after execution of the promissory note with the accrual of interest at 10% per annum. Flaxel loaned an additional \$50,000.00 to ParValu. This Note was to be paid in a lump sum 6 months after execution of the Note and accrue at the rate of 10% per annum.

FIRST CLAIM

Federal Securities Violations Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation(referred to collectively as "Defendants")

37. Plaintiff for a First Claim against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants") alleges that:

38. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same were set forth in full herein.

Count One - Northatlantic Aviation, Inc.

39. By knowingly or recklessly misrepresenting the fraudulent nature of the Northatlantic investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs as set forth in Paragraph 18, Defendants directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of securities:

- a) Have employed devices, schemes, or artifices to defraud;
- b) Have made untrue statements of material fact, or have omitted, are omitting and are about to omit to state material facts necessary in order to make the statements made, in light of the circumstances with which they were made, not misleading; and

1 c) Have engaged in transactions, acts, practices and courses of business which operated
2 as a fraud upon purchasers of securities.

3 40. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange
4 Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

5 41. As a result of Defendants' violation of Section 10(b) of the Exchange Act and rule 10b-
6 5, Plaintiff has been damaged in the sum in excess of \$55,000.00.

7 **Count Two - RPM Technologies, Inc.**

8 42. By knowingly or recklessly misrepresenting the fraudulent nature of the RPM
9 investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs
10 as set forth in Paragraphs 19-21, Defendants directly and indirectly, by the use of the means and
11 instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of
12 securities:

13 a) Have employed devices, schemes, or artifices to defraud;

14 b) Have made untrue statements of material fact, or have omitted, are omitting and are
15 about to omit to state material facts necessary in order to make the statements made,
16 in light of the circumstances with which they were made, not misleading; and

17 c) Have engaged in transactions, acts, practices and courses of business which operated
18 as a fraud upon purchasers of securities.

19 43. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange
20 Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

21 44. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule
22 10b-5, Plaintiff has been damaged in the sum in excess of \$250,000.00.

23 **Count Three- Pen Write Systems, Inc.**

24 45. By knowingly or recklessly misrepresenting the fraudulent nature of the Pen Write
25 investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs
26 as set forth in Paragraphs 22 and 23, Defendants directly and indirectly, by the use of the means and
27 instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of
28 securities:

- a) Have employed devices, schemes, or artifices to defraud;
- b) Have made untrue statements of material fact, or have omitted, are omitting and are about to omit to state material facts necessary in order to make the statements made, in light of the circumstances with which they were made, not misleading; and
- c) Have engaged in transactions, acts, practices and courses of business which operated as a fraud upon purchasers of securities.

46. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

47. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule 10b-5, Plaintiff has been damaged in the sum in excess of \$200,000.00.

Count Three - Dental View, Inc.

48. By knowingly or recklessly misrepresenting the fraudulent nature of the Dental View investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs as set forth in Paragraph 24, Defendants directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of securities:

- a) Have employed devices, schemes, or artifices to defraud;
- b) Have made untrue statements of material fact, or have omitted, are omitting and are about to omit to state material facts necessary in order to make the statements made, in light of the circumstances with which they were made, not misleading; and
- c) Have engaged in transactions, acts, practices and courses of business which operated as a fraud upon purchasers of securities.

49. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

50. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule 10b-5, Plaintiff has been damaged in the sum in excess of \$20,000.00.

Count Four - M & A Advisors, LLC

51. By knowingly or recklessly misrepresenting the fraudulent nature of the M & A

1 investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs
 2 as set forth in Paragraphs 25-28, Defendants directly and indirectly, by the use of the means and
 3 instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of
 4 securities:

- 5 a) Have employed devices, schemes, or artifices to defraud;
- 6 b) Have made untrue statements of material fact, or have omitted, are omitting and are
 7 about to omit to state material facts necessary in order to make the statements made,
 8 in light of the circumstances with which they were made, not misleading; and
- 9 c) Have engaged in transactions, acts, practices and courses of business which operated
 10 as a fraud upon purchasers of securities.

11 52. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange
 12 Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

13 53. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule
 14 10b-5, Plaintiff has been damaged in the sum in excess of \$100,000.00.

15 **Count Five - PAC West Acquisitions, Inc.**

16 54. By knowingly or recklessly misrepresenting the fraudulent nature of the PAC-West
 17 investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs
 18 as set forth in Paragraphs 29-33, Defendants directly and indirectly, by the use of the means and
 19 instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of
 20 securities:

- 21 a) Have employed devices, schemes, or artifices to defraud;
- 22 b) Have made untrue statements of material fact, or have omitted, are omitting and are
 23 about to omit to state material facts necessary in order to make the statements made,
 24 in light of the circumstances with which they were made, not misleading; and
- 25 c) Have engaged in transactions, acts, practices and courses of business which operated
 26 as a fraud upon purchasers of securities.

27 55. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange
 28 Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

56. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule 10b-5, Plaintiff has been damaged in the sum in excess of \$100,000.00.

Count Six- Her Personal Feminine Care Products, Inc.

57. By knowingly or recklessly misrepresenting the fraudulent nature of the HPFCPI investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs as set forth in Paragraph 34, Defendants directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of securities:

- a) Have employed devices, schemes, or artifices to defraud;
- b) Have made untrue statements of material fact, or have omitted, are omitting and are about to omit to state material facts necessary in order to make the statements made, in light of the circumstances with which they were made, not misleading; and
- c) Have engaged in transactions, acts, practices and courses of business which operated as a fraud upon purchasers of securities.

58. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

59. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule 10b-5, Plaintiff has been damaged in the sum in excess of \$100,000.00.

Count Seven - Par Valu, Inc.

60. By knowingly or recklessly misrepresenting the fraudulent nature of the Par Valu investment, and by otherwise making material misrepresentations, directly and indirectly, to Plaintiffs as set forth in Paragraphs 35 and 36, Defendants directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mail, in connection with the purchase or sales of securities:

- a) Have employed devices, schemes, or artifices to defraud;
- b) Have made untrue statements of material fact, or have omitted, are omitting and are about to omit to state material facts necessary in order to make the statements made, in light of the circumstances with which they were made, not misleading; and

c) Have engaged in transactions, acts, practices and courses of business which operated as a fraud upon purchasers of securities.

61. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

62. As a result of Defendants' violation of Section 10(b) of the Exchange Act and Rule 10b-5, Plaintiff has been damaged in the sum in excess of \$100,000.00.

SECOND CLAIM

Breach of Contract Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants")

63. Plaintiff for a Second Claim against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants") alleges that:

64. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same were set forth in full herein.

65. Plaintiff and Defendants entered into written Promissory Notes as set forth in Paragraphs 25-33 of this Complaint.

66. Plaintiff has fully performed all conditions, covenants and promises required of them, except those which have been prevented or excused by the actions and conduct of Defendants.

67. Defendants breached the contract by misrepresenting the financial condition, assets, and risk involved in these investments and that the money invested would be for Defendants' personal use as set forth in Paragraphs 25-33 of this Complaint. Therefore, there was a failure of consideration. Defendants further breached the contracts by failing to pay the principal and interest due under the Promissory Notes as required by the Promissory Notes. Defendants also breached the contracts by

1 taking the money invested by Plaintiff and causing the money to be paid to themselves individually.

2 68. As a result of Defendants' breaches of the contracts, Plaintiff has been damaged in the
3 sum in excess of \$200,000.00.

4 THIRD CLAIM

5 Breach of Fiduciary Duty Against defendants Richard Simpson; Dennis Pearson; M&A
6 Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors,
7 LLC, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California
8 Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial
9 Group, a Nevada and California Corporation (referred to collectively as "Defendants")

10 69. Plaintiff for a Third Claim against defendants Richard Simpson; Dennis Pearson; M&A
11 Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada
12 Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network
13 Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California
14 Corporation (referred to collectively as "Defendants") alleges that:

15 70. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same
16 were set forth in full herein.

17 71. Defendants acted as Plaintiff's securities broker dealer and financial advisor from
18 approximately 1997 to approximately 2006. Defendants cultivated a relationship of trust with Plaintiff
19 and Plaintiff relied upon Defendants' recommendations and opinions. Defendants owed a fiduciary
20 duty to Plaintiff.

21 72. Plaintiff and Defendants entered into written Promissory Notes as set forth in Paragraphs
22 18-36 of this Complaint. Defendants also induced Plaintiff to make bridge loans to companies and
23 then convert the loans to stock and to purchase stock in companies based upon false, misleading and
24 incorrect information as set forth in Paragraphs 18-36 of the Complaint. Plaintiff relied upon
25 Defendants' representations in making the decision to enter into the above-referenced investments.

26 73. Defendants breached their fiduciary duty to Plaintiff by misrepresenting the financial
27 condition, assets, and risk involved in these investments as set forth in Paragraphs 18-36 of the
28 Complaint and by failing to inform Plaintiff that the money invested in Promissory Notes to M&A and

1 PAC-West would be for Defendants' personal use as set forth in Paragraphs 25-33 of this Complaint.
 2 Plaintiff is further informed and believes and thereon alleges that Defendants received "finders fees"
 3 from Plaintiff's investments. These "finders fees" were not disclosed to Plaintiff.

4 74. As a result of Defendants' breaches of fiduciary duty, Plaintiff has been damaged in
 5 the sum in excess of 1.1 million dollars.

6 75. In performing the acts herein alleged, Defendants intentionally misrepresented and
 7 concealed from Plaintiff material facts, known to Defendants, as set forth in Paragraphs 18 and 36
 8 of this Complaint, with the intention on the part of Defendants of depriving Plaintiff of his money,
 9 thereby justifying an award of punitive damages against Defendants.

10 FOURTH CLAIM

11 Fraud Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC,
 12 a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada Limited
 13 Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network
 14 Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and
 15 California Corporation (referred to collectively as "Defendants")

16 76. Plaintiff for a Fourth Claim against defendants Richard Simpson; Dennis Pearson;
 17 M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a
 18 Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-
 19 Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and
 20 California Corporation (referred to collectively as "Defendants") alleges that:

21 77. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same
 22 were set forth in full herein.

23 78. Defendants knowingly made false representations to Plaintiff with the intent to defraud
 24 Plaintiff. The representations made by Defendants, as set forth in Paragraphs 18 and 36 were
 25 representations regarding material facts, which were relied upon by Plaintiff in making his decision
 26 to invest in Northatlantic, RPM, Pen Write, Dentalview, M&A, PAC-West, HPFCPI and Par Valu and
 27 the amount of money which would be invested. Plaintiff relied on these actual representations as set
 28 forth in Paragraphs 18-36 of this Complaint.

79. As a proximate result of Defendants' fraud and deceit, and the facts herein alleged at Paragraphs 18-36, Plaintiff was damaged in the sum in excess of 1.1 million dollars (\$1,100,000.00).

80. In performing the acts herein alleged, Defendants intentionally misrepresented and concealed from Plaintiff material facts, known to Defendants, as set forth in Paragraphs 18-36 of this Complaint, with the intention on the part of Defendants of depriving Plaintiff of his money, thereby justifying an award of punitive damages against Defendants.

FIFTH CLAIM

Negligent Misrepresentation Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants")

81. Plaintiff for a Fifth Claim against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants") alleges that:

82. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same were set forth in full herein.

83. Defendants made false representations to Plaintiff without a reasonable belief or investigation into the accuracy of representations, knowing that Plaintiff would rely on these presentations. The representations made by Defendants, as set forth in Paragraphs 18-36 were representations regarding material facts, which were relied upon by Plaintiff in making his decision to invest in Northatlantic, RPM, Pen Write, Dentalview, M&A, PAC-West, HPFCPI and Par Valu and the amount of money which would be invested. Plaintiff relied on these actual representations as set forth in Paragraphs 18-36 of this Complaint.

84. Defendants, in making the representations set forth in Paragraphs 18-36 did so without a reasonable belief in the accuracy and truthfulness of those statements. Plaintiff reasonably relied

upon those statements and as a result have been damaged in the sum in excess of 1.1 million dollars (\$1,100,000.00).

SIXTH CLAIM

Alter Ego Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants")

85. Plaintiff for a Sixth Claim against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a California and Nevada Corporation (referred to collectively as "Defendants") alleges that:

86. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same were set forth in full herein.

87. There exists, and at all times herein mentioned there existed, a unity of interest and ownership between defendants Simpson and Pearson and defendants M&A, PAC-West, Intra-Network and XO Financial Group, such that any individuality and separateness between defendants Simpson and Pearson, on the one hand, and M&A, PAC-West, Intra-Network and XO Financial Group have ceased. M&A, PAC-West, Intra-Network and XO Financial Group are each the alter ego of defendants Simpson and Pearson in that Simpson and Pearson have failed to maintain M&A, PAC-West, Intra-Network and XO Financial Group as separate entities distinct and separate from themselves. Specifically, Plaintiff is informed and believes and therein alleges that Simpson and Pearson, on the one hand, and M&A, PAC-West, Intra-Network and XO Financial Group, on the other hand commingled funds and other assets. This included Simpson and Pearson doing business as Intra-Network and designating it as a corporation when no such corporation exists. Plaintiff is informed and believes and thereon alleges that Simpson and Pearson formed, managed and controlled M&A and PAC-West as companies to which it would induce its investor clients to loan money for the

1 purported purpose of allowing Defendants to quickly invest in attractive companies, but in actuality
 2 the money was not used for the stated purposes but instead was transferred to Simpson and Pearson
 3 for their personal benefit. After action by the NASD, Simpson and Pearson formed XO Financial
 4 Group and incorporated in Nevada and California. Simpson and Pearson continued offering
 5 investments services under the new business name XO Financial Group. These entities did not
 6 maintain their own separate office or business location and its principal place of business was the
 7 business address for Simpson and Pearson

8 88. Plaintiff is informed and believes and therein alleges that M&A, PAC-West, Intra-
 9 Network and XO Financial Group were undercapitalized. The only asset they ever had was money
 10 invested by Simpson and Pearson's defrauded clients which was then transferred to themselves, thereby
 11 draining M&A, PAC-West, Intra-Network and XO Financial Group's capital for Simpson and
 12 Pearson's personal gain.

13 89. Adherence to the fiction of the separate existence of M&A, PAC-West, Intra-Network
 14 and XO Financial Group as entirely distinct from defendants Pearson and Simpson would permit an
 15 abuse of the corporate privilege and would promote injustice in that Pearson and Simpson formed
 16 M&A, PAC-West, Intra-Network and XO Financial Group for the apparent purpose of shielding
 17 themselves from personal liability while treating the assets and capital of M&A, PAC-West, Intra-
 18 Network and XO Financial Group as their own personal assets.

19 SEVENTH CLAIM

20 Conversion Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors,
 21 LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada
 22 Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-
 23 Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada
 24 and California Corporation(referred to collectively as "Defendants")

25 90. Plaintiff's Seventh Claim against defendants Richard Simpson; Dennis Pearson; M&A
 26 Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada
 27 Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network
 28 Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California

1 Corporation (referred to collectively as "Defendants") alleges that:

2 91. Plaintiff incorporate's by reference Paragraphs 1-36 hereinabove as though the same
3 were set forth in full herein.

4 92. Under the terms of the Promissory Notes whereby Plaintiff loaned money to M&A and
5 PAC-West, Defendants were to use the money loaned by Plaintiff to quickly invest in attractive
6 companies.

7 93. Defendants took money loaned by Plaintiff to M&A and PAC-West for their own use.

8 94. As a result of Defendants' conversion of Plaintiff's money, Plaintiff has been deprived
9 of his property and has been denied the use of the money all to Plaintiff's damage in a sum to be
10 proven at trial.

11 95. The aforementioned acts of Defendants were willful, wanton, malicious and oppressive
12 and were taken with the intent to defraud Plaintiffs, justifying the award of exemplary and punitive
13 damages.

14 EIGHTH CLAIM

15 Plaintiff FLAXEL Alleges Violation of Oregon Rev. Statute § 59.135 Against defendants
16 Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited
17 Liability Company; M&A Capital Advisors, LLC, a Nevada Limited Liability Company;
18 PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an
19 unknown business entity; and XO Financial Group, a Nevada and California Corporation
20 (referred to collectively as "Defendants")

21 96. Plaintiff FLAXEL for an Eighth Claim against defendants Richard Simpson; Dennis
22 Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital
23 Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California
24 Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group,
25 a Nevada and California Corporation (referred to collectively as "Defendants") alleges that:

26 97. Plaintiff FLAXEL incorporates by reference Paragraphs 1-36 hereinabove as though
27 the same were set forth in full herein.

28 ///

1 98. By knowingly or recklessly misrepresenting the fraudulent nature of the investments
 2 referenced in Paragraphs 18-36, and by otherwise making material misrepresentations, directly and
 3 indirectly, to Plaintiff, Defendants directly and indirectly, by the use of the means and instrumentalities
 4 of interstate commerce, or of the mail, in connection with the purchase or sales of securities:

5 a) Have employed devices, schemes, or artifices to defraud;

6 b) Have made untrue statements of material fact, or have omitted, are omitting and are
 7 about to omit to state material facts necessary in order to make the statements made,
 8 in light of the circumstances under which they were made, not misleading; and

9 c) Have engaged in transactions, acts, practices and courses of business which operated
 10 as a fraud upon purchasers of securities.

11 99. By reason of the foregoing, Defendants have violated Oregon Rev. Statute § 59.135.

12 100. As a result of Defendants' violation of Oregon Rev. Statute § 59.135, Plaintiff has been
 13 damaged in a sum in excess of \$600,000.

14 NINTH CLAIM

15 Injunctive Relief Against defendants Richard Simpson; Dennis Pearson; M&A Capital
 16 Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a
 17 Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation;
 18 Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a
 19 Nevada and California Corporation(referred to collectively as "Defendants")

20 101. Plaintiff for a Ninth Claim against defendants Richard Simpson; Dennis Pearson; M&A
 21 Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada
 22 Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network
 23 Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California
 24 Corporation (referred to collectively as "Defendants") alleges that:

25 102. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same
 26 were set forth in full herein.

27 ///

28 ///

103. Beginning on or about 1998 and continuing to the present time, Defendants, and each of them, wrongfully and unlawfully transferred money invested by Plaintiff for their own personal use.

104. The money transferred by Defendants rightfully belongs to Plaintiff.

105. Plaintiff requests an injunction preventing Defendants, and each of them, from transferring, making payments or in any way taking possession of assets of M&A and PAC-West without approval from this Court. Plaintiff also requests that all funds improperly transferred by Defendants be frozen and these assets returned to a Receiver.

106. Plaintiff has no adequate remedy at law for the injuries they are currently suffering in that Defendants have liquidated the corporations and limited liability companies and these funds form the only basis for Plaintiff to recover the money invested in Defendants' fraudulent schemes.

107. Plaintiff has incurred damages in excess of \$1.2million and will be further damaged as long as Defendants are allowed to maintain custody of these funds and take steps to further transfer and hide this money.

NINTH CLAIM

Negligence Against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, LLC, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants")

108. Plaintiff for a Tenth Claim against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity; and XO Financial Group, a Nevada and California Corporation (referred to collectively as "Defendants") alleges that:

109. Plaintiff incorporates by reference Paragraphs 1-36 hereinabove as though the same were set forth in full herein.

///

110. Defendants owed Flaxel a duty of care by virtue of being Flaxel's financial advisor. Defendants breached their duty to Flaxel by failing to manage Flaxel's IRA account. As part of the transactions set forth in paragraph 18-36, Flaxel purchased stock, received stock options and/or exercised stock warrants in various companies. Defendants failed to accurately document these transactions and obtain the appropriate documentation, including stock certificates. Defendants also failed to maintain an accurate account of Flaxel's account activity.

111. As a result of Defendants' failure to maintain accurate account records and ensure that Flaxel obtained the required documentation, Flaxel does not have a true account of his transactions nor does Flaxel have stock certificates which accurately reflect his ownership in the corporations set forth in paragraph 18-36.

112. As a proximate result of Defendants negligence, Flaxel has been damaged in a sum in excess of \$500,000.00.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgement against Defendants, and each of them as follows:

1. A preliminary injunction against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity and XO Financial Group, a Nevada and California Corporation from further violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

2. A permanent injunction against defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown business entity, XO Financial Group, a Nevada and California Corporation and their agents, servants, employees, attorneys, and all persons in active contact or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

1 3. An order requiring a full and accurate accounting and interim asset freeze of all
2 assets of defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a California
3 Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability Company; PAC-
4 West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc., an unknown
5 business entity and XO Financial Group, a Nevada and California Corporation until a full and
6 accurate accounting can be made of all investor monies raised and fraudulent schemes alleged in
7 this Complaint and a determination made as to the disposition of those assets.

8 4. On an interim basis that a Receiver be appointed to take possession and control of
9 the assets of defendants Richard Simpson; Dennis Pearson; M&A Capital Advisors, LLC, a
10 California Limited Liability Company; M&A Capital Advisors, a Nevada Limited Liability
11 Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-Network Securities, Inc.,
12 an unknown business entity and XO Financial Group, a Nevada and California Corporation to
13 marshal and control their assets for the benefits of the defrauded investors.

14 5. An order that each Defendant be restrained and enjoined from destroying,
15 removing, mutilating, altering, concealing or disposing of, in any manner, any of their books,
16 records and documents relating to the matter set forth in the Complaint, or the books and records
17 and such documents of any entities under their control, until further order of the Court; an order
18 allowing that parties may commence discovery immediately, and that notice periods be shortened
19 to permit the parties to require production of documents within ten (10) calendar days written
20 notice by facsimile or personal service.

21 6. An order requiring defendants Richard Simpson; Dennis Pearson; M&A Capital
22 Advisors, LLC, a California Limited Liability Company; M&A Capital Advisors, a Nevada
23 Limited Liability Company; PAC-West Acquisitions, Inc., a California Corporation; Intra-
24 Network Securities, Inc., an unknown business entity, XO Financial Group, a Nevada and
25 California Corporation to repatriate and to return to identified accounts in the United States of
26 America all monies and liquid assets held outside this Court's jurisdiction.

27 ///

28 ///

1 7. Disgorgement of all illicit profits and benefits, plus pre-judgment interest, realized
2 by each Defendant, and all investor monies obtained by each Defendant, plus pre-judgment interest
3 as a result of participation in, or attributable to, the fraudulent schemes alleged in this Complaint.

4 8. A civil monetary penalty against each Defendant as provided by statute and
5 determined by the Court to be just and proper.

6 9. For rescission of the Promissory Notes and an order that Defendants return to
7 Plaintiff money invested by Plaintiff as set forth in the Complaint.

8 10. For monetary damages in excess of 1.2 million dollars, according to proof at trial;

9 11. As to the Third, Fourth and Seventh Claims, for punitive damages to be determined
10 at trial.

11 12. As to the Eighth Claim for attorneys' fees and costs as allowed by statute.

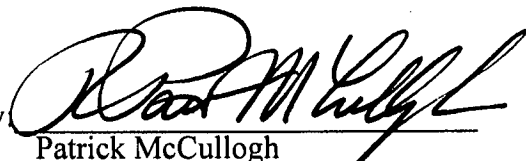
12 13. As to the Ninth Claim for injunctive relief;

13 14. Such other and further relief as Plaintiff is entitled as determined by this Court.

14
15 DATED: February 1, 2008

McCULLOGH & ASSOCIATES, APC.

16
17
18 By



Patrick McCullogh
Susan K. Chelsea
Attorneys for Plaintiff, John Flaxel

PROMISSORY NOTE

\$100,000.00

San Diego, California

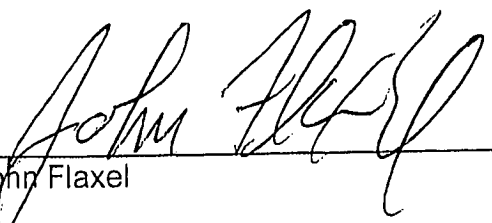
March 15, 2002

Three months from date, for value received, M & A Capital, LLC. Promises to pay to John Flaxel, or order, at San Diego, California, the sum of One Hundred Thousand Dollars and 00 / 100 Cents (\$100,000.00) with interest from date until paid, at the rate of ten percent (10%), per annum.

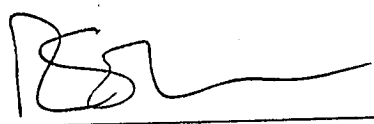
Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law. In the event of a dispute arising out of this Promissory Note, or the payment thereof, the losing party shall pay to the prevailing party the reasonable attorneys fees, cost, and expenses, incurred therein. The Promissory Note will be personally guaranteed by the officers of M & A Capital, LLC. In addition to the terms of the promissory note, John Flaxel will also have the Option to receive four installments of re-payment of principal beginning after the first 30 days of the execution of the note.

Dated: 03/15/02

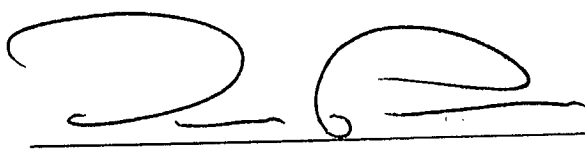
M & A Capital, LLC



John Flaxel



Richard W. Simpson



Dennis A. Pearson, Jr.

orma

om: "Richard Simpson" <rsimpson@intranetsec.com>
o: <orma@bayeyeclinic.com>
nt: Monday, February 02, 2004 2:29 PM
tch: JFlaxelPymntInfo.xls
bject: FW: John Flaxels Info & confidential

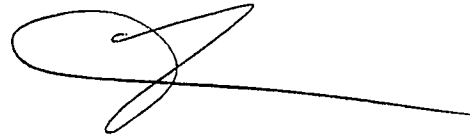
Flaxel:

agree to the above payment schedule.

hard

ATC to Richard 2.4.04

NEED TO ACCOUNT FOR
ACCRUED UNPAID INTEREST. Reply -
He will ask his secy/BOND PERSON
TO RECALCULATE



2/3/2004

Payment Schedule For John Flaxel

Pymt Date	Balance Owing	Rate	Investment X Rate	Calen Days	Daily Interest	# Days that Month	Total Interest Per Month	Payment Amount Per Month	Balance
29-Feb	\$100,000.00	0.1	\$ 10,000.00	365	\$ 27.40	25	\$ 684.93	\$ 10,000.00	\$ 90,684.93
30-Mar	\$90,684.93	0.1	\$ 9,068.49	365	\$ 24.85	29	\$ 720.51	\$ 10,000.00	\$ 81,405.44
30-Apr	\$81,405.44	0.1	\$ 8,140.54	365	\$ 22.30	31	\$ 691.39	\$ 10,000.00	\$ 72,096.83
30-May	\$72,096.83	0.1	\$ 7,209.68	365	\$ 19.75	30	\$ 592.58	\$ 10,000.00	\$ 62,689.41
30-Jun	\$62,689.41	0.1	\$ 6,268.94	365	\$ 17.18	31	\$ 532.43	\$ 10,000.00	\$ 53,221.84
30-Jul	\$53,221.84	0.1	\$ 5,322.18	365	\$ 14.58	30	\$ 437.44	\$ 10,000.00	\$ 43,659.28
30-Aug	\$43,659.28	0.1	\$ 4,365.93	365	\$ 11.96	31	\$ 370.80	\$ 10,000.00	\$ 34,030.08
30-Sep	\$34,060.08	0.1	\$ 3,406.01	365	\$ 9.33	30	\$ 279.95	\$ 10,000.00	\$ 24,340.03
30-Oct	\$24,340.03	0.1	\$ 2,434.00	365	\$ 6.67	31	\$ 206.72	\$ 10,000.00	\$ 14,546.75
30-Nov	\$14,549.79	0.1	\$ 1,454.98	365	\$ 3.99	30	\$ 119.59	\$ 10,000.00	\$ 4,669.38
30-Dec	\$4,669.38	0.1	\$ 466.94	365	\$ 1.28	31	\$ 39.66	\$ 4,711.00	\$ (1.96)

ACCURED INTEREST

Norma

From: "Richard Simpson" <rsimpson@intranetsec.com>
To: <norma@bayeyeclinic.com>
Sent: Tuesday, January 13, 2004 3:04 PM
Subject: 4:00 P.M. Meeting

Dear John:

had a 4:00 P.M. meeting to discuss payment arrangements on your note. I should be back in the office by 6:30 or & 7:30 P.M. I will give you a call when.

Richard

JAN-22-2005 11:55 From:

To: 15417565783

P.1/1



INTRA-NETWORK SECURITIES, INC.
Member NASD SIPC

January 22, 2005

Dr. John Flaxel
67676 East Bay Road
North Bend OR, 97459

RE: Note & Accrued Interest Calculations

Dear John:

Per our conversation I have calculated the accrued interest on the promissory note. They are as follows:

Principal:	\$100,000.00
March 15, 2002	
Accrued Interest:	\$27,992.58
Daily Rate:	\$27.39

We will structure some sort of payment plan that will be acceptable by you.
Thank you for all of your support in help financing are projects.

Sincerely,

Richard W. Simpson

SEP 08 2005 10:06 From:

To: 15412470490

P. 1/3

**Fax****To:** John Flaxel, MD**From:** Richard Simpson**Fax:** (541) 247-0490**Pages:** (including cover page)**Phone:** (541) 247-7212**Date:** September 8, 2005**Re:** Proposal

☐ **Urgent** ☒ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

• **Comments**

Dear John;

Please contact our office at (858) 759-3999 if you have any questions or concerns.

Thank you,

Richard Simpson

IF ANY PART OF THIS TRANSMISSION IS RECEIVED IN POOR CONDITION OR MISSING PAGES PLEASE CONTACT OUR OFFICE AT (858) 759-3999 FOR RE-TRANSMISSION. Additional information is available upon request.

The information contained herein is based on sources, which we believe to be reliable but we do not represent that it is accurate or complete. It is not to be considered as an offer to sell or solicitation of an offer to buy the securities discussed herein. All prices, yields and opinions expressed are subject to change without notice. In addition, Intra-Network Securities, Inc. may currently be providing banking services to the issuers of securities mentioned herein.

P.O. Box 676087 Rancho Santa Fe, CA 92067-6087 Tel: (858) 759-3999 Fax: (858) 759-3990

EP-53-2005 10:06 From:



September 8, 2005

Dr. John Flaxel
67676 East Bay Road
North Bend OR, 97459

RE: Promissory Note, Accrued Interest Calculations & Implant Solutions Proposal

Per our conversation I have calculated the accrued interest on the promissory note.
they are as follows:

Principal: \$100,000.00
March 15, 2002

Accrued Interest: \$34,648.35

Daily Rate: \$27.39

Please see attached proposal and term sheet. Thank you for your continued support in helping us finance our projects.

JAN-22-2005 11:55 From:

To: 15417565783

P.1/1



INTRA-NETWORK SECURITIES, INC.
Member NASD SIPC

January 22, 2005

Dr. John Flaxel
67676 East Bay Road
North Bend OR, 97459

RE: Note & Accrued Interest Calculations

Dear John:

Per our conversation I have calculated the accrued interest on the promissory note. They are as follows:

Principal:	\$100,000.00
March 15, 2002	
Accrued Interest:	\$27,992.58
<u>THRU DEC 31, 04.</u>	
Daily Rate:	\$27.39

We will structure some sort of payment plan that will be acceptable by you.
Thank you for all of your support in help financing are projects.

Sincerely,

Richard W. Simpson

M & A Capital, LLC Note to John T. Flaxel, Dated Mar 15, 2002

Compound Period : Quarterly

Nominal Annual Rate : 10.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	03/15/2002	100,000.00	1		
2 Payment	03/15/2007	163,861.64	1		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 03/15/2002				100,000.00
1st Q Totals	0.00	0.00	0.00	
2002 Totals	0.00	0.00	0.00	
1 03/15/2007	163,861.64	63,861.64	100,000.00	0.00
1st Q Totals	163,861.64	63,861.64	100,000.00	
2007 Totals	163,861.64	63,861.64	100,000.00	
Grand Totals	163,861.64	63,861.64	100,000.00	

Flaxel Pac-West Acquisitions note

Compound Period : Semiannual

Nominal Annual Rate : 10.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	03/31/1999	50,000.00	1		
2 Payment	03/15/2007	108,730.79	1		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 03/31/1999				50,000.00
1999 Totals	0.00	0.00	0.00	
1 03/15/2007	108,730.79	58,730.79	50,000.00	0.00
2007 Totals	108,730.79	58,730.79	50,000.00	
Grand Totals	108,730.79	58,730.79	50,000.00	

Flaxel Pac-West Acquisition, Note Dated July 2, 1998

Compound Period : Annual

Nominal Annual Rate : 10.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	07/02/1998	50,000.00	1		
2 Payment	03/15/2007	114,696.68	1		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 07/02/1998				50,000.00
1998 Totals	0.00	0.00	0.00	
1 03/15/2007	114,696.68	64,696.68	50,000.00	0.00
2007 Totals	114,696.68	64,696.68	50,000.00	
Grand Totals	114,696.68	64,696.68	50,000.00	

7-02-1998 3:22PM

FROM

P. 4

PROMISSORY NOTE

\$50,000.00

San Diego, California

July 2, 1998

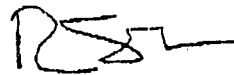
One year after date, for value received, PAC-WESTACQUISITIONS, INC. promises to pay to JOHN FLAXEL, or order, at San Diego, California, the sum of Fifty Thousand Dollars and 00/100 Cents (\$50,000.00) with interest from date until paid, at the rate of ten percent (10%), per annum.

Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law. In the event of a dispute arising out of this Promissory Note, or the payment thereof, the losing party shall pay to the prevailing party the reasonable attorneys fees, costs, and expenses, incurred therein. This Promissory Note is unsecured.

Dated: _____

7-2-98

PAC-WEST ACQUISITIONS, INC.

_____
Richard Simpson, Secretary

PROMISSORY NOTE

\$50,000.00

San Diego, California

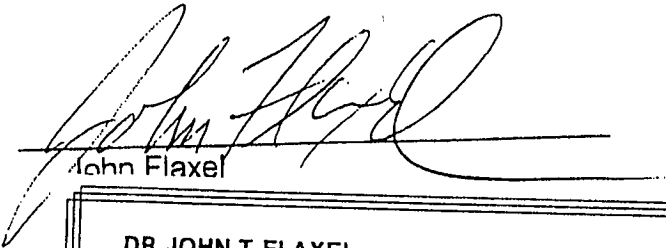
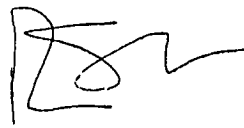
March 31, 1999

6 Months after date, for value received, PAC-WEST ACQUISITIONS, INC. promises to pay to John Flaxel, or order, at San Diego, California, the sum of Fifty Thousand Dollars and 00 / 100 Cents (\$50,000.00) with interest from date until paid, at the rate of ten percent (10%), per annum.

Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law. In the event of a dispute arising out of this Promissory Note, or the payment thereof, the losing party shall pay to the prevailing party the reasonable attorneys fees, cost, and expenses, incurred therein. This Promissory Note is unsecured.

Dated: 3/31/99

PAC-WEST ACQUISITIONS, INC.


John Flaxel
Richard W. Simpson, Secretary

DR JOHN T FLAXEL
JOY CARMAN FLAXEL
98 EAST BAY DR
NORTH BEND, OR 97459-9401

SELECT

1002

62-15/311

Date 4/14/99Pay to the
Order ofPAC-WEST ACQUISITIONS, INC. \$ 50,000only fifty thousand

Dollars

Security features
included
Details on back

642

SALOMON SMITH BARNEY

C
O
D
EFINANCIAL MANAGEMENT ACCOUNT™
PNC National Bank
Wilmington, DE

**UNITED STATES
DISTRICT COURT**
SOUTHERN DISTRICT OF CALIFORNIA
SAN DIEGO DIVISION

**# 147160 - SR
* * C O P Y * *
February 01, 2008
15:12:01**

Civ Fil Non-Pris

USAO #: 08CV0200 CIV. FIL.
Judge.: M. JAMES LORENZ
Amount.: \$350.00 CK
Check#: BC#2378

Total-> \$350.00

**FROM: FLAXEL V. SIMPSON, ET AL
CIVIL FILING**

JS 44 (Rev. 11/04)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

Flaxel, John

(b) County of Residence of First Listed Plaintiff Coos County

(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

McCullogh & Associates, APC; 4275 Executive Sq., Ste. 940, La Jolla,
CA 92037 (858)457-2900

DEFENDANTS

Simpson, Richard; Pearson, Dennis; et. al

County of Residence of First Listed Defendant San Diego County

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

08 CV 0200 L NLS

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | | | | | |
|---|---------------------------------------|---------------------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input checked="" type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input checked="" type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/ Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) SOCIAL SECURITY <input checked="" type="checkbox"/> 850 Securities/Commodities/ Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes

V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from another district (specify)
- ☐ 6 Multidistrict Litigation
- ☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing. (Do not cite jurisdictional statutes unless diversity):

15 U.S.C. 78j(b) and 17 CFR 240.10b-3. 28 USC 1332

Brief description of cause:
Securities Fraud and breach of contract.

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

02/01/2008

SIGNATURE OF ATTORNEY OF RECORD



FOR OFFICE USE ONLY

RECEIPT #

14760

AMOUNT

350.5

APPLYING IFP

JUDGE

MAG. JUDGE

2/1/08